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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Amendment of the Part 69 Allocation of General Support Facility Costs	)))	CC Docket No. 92-222

COMMENTS

U S WEST Communications, Inc. ("U S WEST"), through counsel and pursuant to the Federal Communications Commission's ("Commission") Notice of Proposed Rulemaking ("NPRM"), released October 19, 1992,[1] hereby files its comments on the Commission's proposed change in the Part 69 allocation of General Support Facilities ("GSF") costs.

I. INTRODUCTION

The Commission's NPRM proposing to modify its Part 69 rules on the allocation of GSF costs[2] was released with the Expanded Interconnection Order.[3] In this Order, the Commission required local exchange carriers ("LEC") to offer expanded

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[1]See Report and Order and Notice of Proposed Rulemaking, CC Docket No. 91-141 and CC Docket No. 92-222, FCC 92-440, rel. Oct. 19, 1992, at ¶¶ 267-69.

[2]See 47 C.F.R. § 69.307.

[3]See Expanded Interconnection with Local Telephone Company Facilities; Amendment of the Part 69 Allocation of General Support Facility Costs, Report and Order and Notice of Proposed Rulemaking, CC Docket No. 91-141 and CC Docket No. 92-222, FCC 92-440, rel. Oct. 19, 1992 ("Order").

interconnection to all third parties[4] and to file connection charge tariffs for services provided to interconnectors.[5]

The Commission declined to permit LECs to implement a contribution charge for interconnectors without further Commission action.[6] In place of a contribution charge, the Commission proposed eliminating "the only significant non-cost-based support flow" affecting LEC special access rates -- the over-allocation of GSF costs to special access.[7] The Commission proposed to remedy this problem by revising Part 69.307[8] to include subscriber line investment (i.e., Category 1.3) in cable and wire facilities investment.[9] The net effect of this change is to increase GSF allocations to the common line category and to reduce allocations to special access and other Part 69 categories. U S WEST supports the Commission's proposed change.

II. EXCLUDING SUBSCRIBER LINE INVESTMENT FROM GSF ALLOCATIONS IS NO LONGER JUSTIFIED

GSF investment[10] largely represents general overheads

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[4]Id. at ¶ 1.

[5]Id. at ¶ 120.

[6]Id. at ¶¶ 143, 267.

[7]Id. at ¶ 147.

[8]47 C.F.R. § 69.307.

[9]See Order at ¶ 267.

[10]GSF (Account 2110) consists of the following subaccounts: 2111 (land), 2112 (motor vehicles), 2113 (aircraft), 2114 (special purpose vehicles), 2115 (garage work equipment), 2116 (continued...)

and is currently apportioned among Part 69 cost categories on the basis of investment.[11] There is one glaring exception -- subscriber line investment is excluded from cable and wire facilities ("C&WF") investment.[12] The net result of this exclusion is that a greater portion of GSF costs is assigned to other interstate cost categories, including special access and local transport. While this exclusion may have been justified in the years immediately after divestiture as a means of holding down common line charges, this justification no longer exists when both terminating and originating common line rates are less than one cent a minute and telephone subscribership has increased. It is impossible to argue that GSF does not support subscriber line investment. As such, U S WEST recommends that the Commission adopt its proposed modification to Section 69.307 to include subscriber line investment (i.e., Category 1.3) in C&WF.

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[10](...continued) (other work equipment), 2121 (buildings), 2122 (furniture), 2123 (office equipment) and 2124 (general purpose computers). See 47 C.F.R. §§ 32.2110-32.2124. U S WEST's current GSF investment is approximately $4.5 billion, with $1.1 billion being assigned to the interstate jurisdiction. The interstate GSF investment includes $176 million assigned to special access, $518 million to local transport, $247 million to local switching and $172 million to carrier common line.

[11]See 47 C.F.R. § 69.307.

[12]Id.

III. THE COMMISSION'S PROPOSAL WILL ENHANCE SPECIAL ACCESS COMPETITION BY MORE APPROPRIATELY ALIGNING COSTS AND REVENUES

The Commission's proposed reallocation of GSF costs will have no impact on total GSF costs. Likewise, it will have no impact on LEC revenues in the near term. The only impact will be a significant realignment of LEC costs and revenues within the interstate jurisdiction. The impact of this change on Part 69 cost categories for U S WEST is illustrated by the following table:

Estimated Revenue Requirement Impacts of GSF Modification[13]
($000,000)

Total Interstate	0
Common Line	124
Local Switching	(33)
Local Transport	(68)
Special Access	(23)

However, the Commission's proposal will have a positive effect on special access competition with the introduction of expanded interconnection, as the Commission has observed.[14] Without a change in the way GSF costs are allocated to Part 69 categories, LEC special access would be forced to bear a disproportionate share of GSF costs.[15] This would be both unfair

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[13]These annual estimates are based on July 1992 data for U S WEST.

[14]See Order at ¶ 268.

[15]This is also true for the local switching and local transport categories. In fact, implementation of the Commission's proposal will benefit local transport to an even greater degree than special access. (See U S WEST Comments,
(continued...)

and inefficient and would disadvantage LEC special access vis-a-vis competitive offerings of interconnectors. Thus, the Commission's proposal is a necessary and timely step which needs to be taken before the introduction of expanded interconnection.[16] U S WEST urges the Commission to adopt and implement its proposed change in Part 69.307 at the earliest possible date -- but no later than the effective date of LEC expanded interconnection tariffs.[17]

IV. A CONTRIBUTION CHARGE IS THE LEAST SATISFACTORY MEANS OF RECOVERING GSF OVER-ALLOCATIONS

U S WEST believes that a contribution charge would be an inappropriate and unsatisfactory alternative to the relatively simple Part 69 reallocation of GSF costs that the Commission has proposed in its NPRM. However, if the Commission determines that a contribution charge is necessary to recover over-allocated GSF

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[15](...continued) Transport Rate Structure and Pricing, CC Docket No. 91-213, filed Nov. 22, 1991.) The Commission's proposed rule change is a significant step in paving the way for competition in switched local transport.

[16]U S WEST recommends that the Commission's proposed change be implemented by increasing end user charges. GSF costs are largely traffic insensitive and are most appropriately levied on a flat basis rather than on a minutes-of-use ("MOU") basis, as is the carrier common line charge.

[17]Adoption of this change is particularly important in light of the Commission's highly questionable requirement to allow LEC special access customers purchasing under long-term agreements to take a "fresh look" and to terminate these agreements during the 90-day period after the first operational expanded interconnection arrangement in a given LEC central office. See Order at ¶ 201.

costs, it must be structured in such a way that the charge does not artificially distort customer purchasing decisions. Therefore, it should have a similar impact as a GSF reallocation would have on subscriber line investment. It should also fall equally upon all access providers (i.e., both LECs and interconnectors) using subscriber access lines to terminate their traffic.

For example, a GSF contribution charge could be designed to recover GSF costs inappropriately assigned to special access and local transport. It is recommended that this charge be assessed on all users of subscriber access lines as a flat-rated, monthly charge.[18] Such a contribution charge would allow special access and local transport rates to be reduced to more appropriate levels without introducing additional distortions in the pricing of access services and customer purchasing decisions.[19] One of the attributes of such a contribution charge is that non-traffic sensitive GSF costs would be recovered through a non-traffic sensitive charge.

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[18]The level of this monthly charge would be determined by dividing the GSF over-allocation to special access and local transport for a given LEC by its total number of subscriber lines.

[19]While the above contribution charge addresses the misallocation of GSF costs to special access and local transport, it fails to do anything to resolve similar GSF over-allocations to local switching. These misallocations should be resolved in the same manner as proposed for special access and local transport. That is -- through the use of a flat-rated, monthly charge levied on all subscriber access lines.

V. CONCLUSION

The Commission should adopt and implement its proposed modification to Part 69.307 of its rules at the earliest possible date. This change serves the public interest in that it will enhance special access competition and ensure that GSF costs are allocated in a more cost-causative manner.

Respectfully submitted,

U S WEST Communications, Inc.

By: James T. Hannon / LJB

Laurie J. Bennett
James T. Hannon
1020 19th Street, N.W.
Suite 700
Washington, D.C. 20036
(202) 429-0303

Its Attorneys

December 4, 1992

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify on this 4th day of December, 1992, that I have caused a copy of the foregoing **COMMENTS** to be hand delivered to the persons named on the attached service list.

Kelseau Powe, Jr.

Kelseau Powe, Jr.

Cheryl A. Tritt, Chief
Common Carrier Bureau
Federal Communications
  Commission
1919 M Street, N.W.
Room 500
Washington, D.C. 20554

James D. Schlichting, Chief
Policy and Program
  Planning Division
Federal Communications
  Commission
1919 M Street, N.W.
Room 544
Washington, D.C. 20554

Ruth Milkman, Deputy Chief
Policy and Program
  Planning Division
Federal Communications
  Commission
1919 M Street, N.W.
Room 544
Washington, D.C. 20554

Douglas Slotten
Policy and Program
  Planning Division
1919 M Street, N.W.
Room 544
Washington, D.C. 20554
(2 Copies)

Downtown Copy Center
1990 M Street, N.W.
Suite 640
Washington, D.C. 20036